

HOUSING DEVELOPMENT INCENTIVE PROGRAM - M.G.L. CHAPTER 40V

PROGRAM OVERVIEW

Goal	<ul style="list-style-type: none"> ➤ To strengthen Gateway Municipalities by: <ul style="list-style-type: none"> ▪ Increasing residential growth ▪ Expanding diversity of housing supply ▪ Supporting economic development ▪ Promoting neighborhood stabilization
Eligible Municipalities	<ul style="list-style-type: none"> ➤ A municipality designated as a Gateway Municipality under MGL c. 23A section 3A: <ul style="list-style-type: none"> ▪ A population greater than 35,000 and less than 250,000 ▪ Median household income below state average ▪ Rate of educational attainment of bachelor's degree or above that is below state average
Housing Development Zone	<ul style="list-style-type: none"> ➤ Any geographic area characterized by the need for multi-unit market rate* residential development ➤ Designation as HD Zone allows for tax incentives for eligible HD Projects located within area
Housing Development Zone Plan	<ul style="list-style-type: none"> ➤ Detailed description of construction, reconstruction, rehabilitation, and related activities, public and private, proposed for the HD Zone
Housing Development Project	<ul style="list-style-type: none"> ➤ Substantial rehabilitation project located in HD Zone, resulting in: <ul style="list-style-type: none"> ▪ Two or more units of market rate housing for sale or lease ▪ Maximum of 50 market rate units per project ▪ Minimum of 80% of units per project as market rate ➤ Must be substantial rehabilitation of an existing property ➤ May be mixed-use, including commercial
Local Option Property Tax Exemption	<ul style="list-style-type: none"> ➤ Annual tax increment exemption on HD Project pro-rated to apply only to market-rate units ➤ Exemption percentage of not less than 10 and not more than 100% on new value of market-rate units ➤ Term of tax increment exemption for period of no less than 5 years and no more than 20 years
State Investment Tax Credit	<ul style="list-style-type: none"> ➤ Tax credit of up to 10% of qualified substantial rehabilitation costs of market rate units ➤ Credit allowed in taxable year in which project completed and certified by DHCD ➤ Credit is transferable and can be carried forward for up to 5 years ➤ Total annual program cap of \$5M
Program Requirements	<ul style="list-style-type: none"> ➤ Local approval of HD Zone designation ➤ Local approval of HD Zone Plan ➤ Execution of HD Tax Increment Exemption Agreements between municipality and developers of HD Projects authorizing HD Tax Increment Exemptions on properties in HD Zone ➤ DHCD approval of HD Zone, HD Zone Plan, certification of HD Projects and Qualified Substantial Rehabilitation Expenditures, HD Tax Increment Exemption Agreements, and HD Tax Credit awards ➤ Only Certified HD Projects eligible for tax incentives under HDIP ➤ DHCD review of Certified HD Projects at least once every 2 years and annual reporting of findings

*Market-rate unit defined as a residential unit priced for households above 110% of the area's household median income.

6/11/12